



Ninety-Ninth Legislature - First Session - 2005
Committee Statement
LB 494

Hearing Date: February 3, 2005

Committee On: Nebraska Retirement Systems

Introducer(s): (Stuhr)

Title: Provide additional retirement account investment options

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

6	Yes	Senators Bourne, Erdman, D. Pederson, Price, Stuhr, Synowiecki
0	No	
0	Present, not voting	
0	Absent	

Proponents:

Senator Elaine Stuhr
Carol Kontor

Representing:

Introducer
Nebraska Investment Council

Opponents:

Representing:

Neutral:

Anna Sullivan

Representing:

Nebraska Public Employees Retirement Systems

Summary of purpose and/or changes:

Legislative Bill 494 would create an additional fund selection category for members participating in both the State Employees defined contribution benefit and the County Employees defined contribution benefit. *See* Neb. Rev. Stat. §§ 23-2309.01, 23-2310.05, 84-1310.01, and 84-1311.03.

This additional fund would be referred to as an investor select account. The monies deposited in this fund would be invested under the direction of the state investment officer with an asset allocation and investment strategy substantially similar to the investment allocations made by the state investment officer for the defined benefit plans found in subdivision (1)(a) of section 84-1503 (i.e. School Employees, Judges, State Patrol).

The investor select account would consist of investments including both domestic and international equities, fixed income investments, real estate, and other additional asset classes as determined by the state investment officer.

Summary of Sections

- Section 1 Creates the option of an investor select fund for the County Employees defined contribution benefit, and would permit members to deposit their employee contributions into a fund that is substantially similar to the Defined Benefit investment portfolio.
- Section 2 Creates the same investor select option for employer contributions that was listed in section 1. This provision would also make the fund the default option.
- Section 3 Creates the option of an investor select fund for the State Employees defined contribution benefit, and would permit members to deposit their employee contributions into a fund that is substantially similar to the Defined Benefit investment portfolio.
- Section 4 Creates the same investor select option for employer contributions that was listed in section 3. This provision would also make the fund the default option.
- Section 5 Original sections are repealed.

Explanation of amendments, if any:

AM 0373 would reinstate the stricken language on page 2, lines 7 and 8, because the number of current funds available is greater than the number of funds listed in the section.

The amendment would also create an age-based account category which would be invested under the direction of the state investment officer, with an asset allocation and investment strategy that changes based upon the age of a plan member. Under this amendment, the Public Employees Retirement Board would be required to develop an account mechanism that would change the investments as an employee nears retirement age. The asset allocation and asset classes utilized in the investments would move from aggressive, to moderate, and then to conservative as the retirement age approached for a member choosing this investment category.

Senator Elaine Stuhr, Chairperson